

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7169

BILL NUMBER: HB 1889

DATE PREPARED: Jan 22, 1999

BILL AMENDED:

SUBJECT: State police funding.

FISCAL ANALYST: James Sperlik

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FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill: (1) establishes the State Police Fund and the Bureau of Motor Vehicles Commission Fund; (2) changes the allocation of State Gross Retail and Use Taxes to include distributions to the State Police and Bureau of Motor Vehicles Commission funds; (3) bill provides that Motor Vehicle Highway Account money may not be used to augment the budget of the Bureau of Motor Vehicles Commission; (4) removes a provision appropriating Motor Vehicle Highway Account money to the State Police.

Effective Date: July 1, 1999.

Explanation of State Expenditures: (2) Changing the allocation of the State Gross Retail and Use taxes to include distributions to the State Police and Bureau of Motor Vehicles Commission funds will impact the State General Fund. The following table shows the current and proposed distribution for the Gross Retail and Use Taxes:

	<u>Current Distribution</u>	<u>Proposed Distribution</u>
Property Tax Replacement Fund	40%	40%
State General Fund	59.2%	56.3%
Public Mass Transportation Fund	0.76%	0.76%
Industrial Rail Service Fund	0.04%	0.04%

This bill is effective July 1, 1999, or fiscal year 2000. For fiscal year 2000, the Gross Retail and Use Taxes is projected to total to approximately \$3,554.6 M. The following table shows the estimated impact of changing the State General Fund percent:

<u>Est. for Fiscal 2000</u>	<u>59.2%</u>	<u>56.3%</u>	<u>Difference</u>
\$3,554.6 M	\$2,104.3 M	\$2,001.2 M	\$103.1 M

The bill provides that 1.6% of the collections shall be paid to the State Police Fund. This would amount to

approximately \$56.9 million. For the Bureau of Motor Vehicles Commission Fund, 1.3% of the collections are to be paid to the Fund which would amount to \$46.2 million. The impact over time will depend upon the revenue for the Gross Retail and Use Taxes.

(3) Not allowing the Motor Vehicle Highway Account to augment the budget for the Bureau of Motor Vehicles Commission budget will mean additional funds will be available for other uses within the Motor Vehicle Highway Account. The specific amount of is dependent upon what funds, if any, would have been needed for augmentation of the Bureau of Motor Vehicles Commission that will now be available for other uses.

(4) Removing the State Police from the Motor Vehicle Highway Account will mean additional distributions for cities, towns, counties and the Department of Transportation. Based on fiscal year 1998 activity, approximately an additional \$51.9 million would be available for distributions. The following table shows the estimated impact:

Counties Share	\$16,613,706
Cities and Towns Share	\$ 7,787,675
Department of Transportation Share	<u>\$27,516,450</u>
TOTAL	\$51,917,831

The specific impact over time will depend upon the revenue generated for the Motor Vehicle Highway Account and the amount that would normally have gone to support the State Police that now will be distributed to cities, town, counties, and the Department of Transportation.

Explanation of State Revenues: See table in (4) above.

Explanation of Local Expenditures:

Explanation of Local Revenues: See table in (4) above.

State Agencies Affected: Department of Transportation; Bureau of Motor Vehicles Commission.

Local Agencies Affected: Recipients of the Motor Vehicle Highway Account distributions.

Information Sources: Dan Bastin, Director of Settlements/Accounting State Auditor, 232-3309.